

Registered number  
03851671

**Nexant Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 December 2019**



**Nexant Limited  
Report and Accounts  
Contents**

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## Strategic Report

The directors present their strategic report of the company for the year ended 31st December 2019.

### Principal Activities

The company's principal activity during the year continued to be management consulting in the chemical and energy industries.

### Review of the Business

Turnover decreased by 2% compared to 2018, with marginally fewer contracts being signed in both Consulting and Products divisions. The company's revenue from Europe continued to represent an increasingly significant portion of total company revenue at 45% (2018: 42%). The proportion of revenues from the Middle East region decreased to 31% (2018: 36%).

Management continued to focus on controlling costs and driving profitability against a backdrop of declining oil prices through 2019. Headcount reduced to 56 in 2019 (2018: 58); the resulting operational team restructuring achieved an 8% reduction in salary costs (2019: £5,220,440 vs 2018: £5,681,930) with just a 3% reduction in headcount; the Bahrain office was moved to a more cost effective location towards the end of the year. These and various other cost reduction initiatives resulted in the administrative expenses falling to £6,738,857 (2018: £7,037,483).

Gross margin decreased by 2% with gross profit margin recorded at 64% (2018: 66%), in part due to increased costs of subcontractors at lower margin engaged to perform on these projects (2019: 7% vs 2018: 4%).

The increased focus on improving cash flows continued through 2019, and as a result the closing 2019 cash balances were 20% higher at £5,285,179 (2018: £4,396,194). This increase was despite net intercompany receivables, including cash loans, increasing by approx. £1.65 million.

The company recorded a profit before tax of £1,662,315 (2018: £1,858,455), and EBIT of 13% (2018: 14%).

The position of the company's business remained strong at the end of the year. The global COVID19 pandemic in 2020 was expected to reduce sales and revenues.

### Principal Risks and Uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks. The principal risks for the company remain the market environment, competition and the retention of employees.

The market environment in 2020 was expected to suffer considerably due to economic and travel restrictions caused by COVID19. The company is able to compete effectively by using its repository of deep industry knowledge and applying structured thinking to provide practical solutions and building a reputation in the industry for delivering on time. To retain the right employees, the company monitors and provides compensation & benefits at market rates.

Business risk for the company primarily arises from economic activity and oil price volatility. Oil prices remained volatile through 2019, driven by US-China Trade dispute, tensions in the Middle East and OPEC's attempts at balancing the markets by increasing supply cuts. Oil prices fluctuated between \$55-\$75 USD/BBL during the year. Prices dropped considerably in early 2020.

The company's operations expose it to a variety of financial risks. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the parent are implemented by the company's finance department and monitored by the board of directors of the company.

#### *Credit Risk*

The company has implemented policies that require appropriate review and approval of material contracts that are entered into with new customers. The credit risk for the company is relatively low due to the fact that a large percentage of the company's work is performed for customers that have been served for many years. In addition, many of these customers are large multinational businesses.

#### *Interest Rate Cash Flow Risk*

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances which earn interest at a fixed rate. The debt of the company is owed to the company's parent at an interest rate which is based on the rate that the parent pays on its debt with a financial institution. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

#### **Key Performance Indicators**

The Board consists of the directors. The management believe that the relevant KPI's are those set out in the business review.

#### **Future Developments**

Since the balance sheet date there has been a global outbreak of a novel coronavirus disease (COVID-19), which has caused widespread global disruption with negative consequences for human health as well as the global economy. The COVID-19 outbreak has exacerbated an already volatile commodities market and increased production volumes from several major oil producing countries during the pandemic have caused a significant decline in global oil & gas prices and for the first time since 2016, Brent oil prices fell below \$30 USD / BBL in mid-March 2020.

In view of its evolving nature, it is currently not possible to estimate the financial impact of COVID-19 on the company but the management remains committed to maintaining profitability, a strong cash position and protecting shareholder value.

By the order of the board



Richard T Sleep  
Director

Date:

*2<sup>nd</sup> November 2020*

## Nexant Limited

### Directors' Report

Registered number  
03851671

The directors present their report and accounts for the year ended 31st December 2019.

#### Results and Dividends

The profit for the year, after taxation, was £1,348,661 as compared to the profit of £1,487,336 in 2018. The directors do not recommend payment of an ordinary dividend (2018: £nil).

#### Directors

The directors of the company during the year were as shown below.

Richard T Sleep  
Thomas Palmer (resigned 20 March 2019)  
Sunil Bhardwaj (resigned 17 July 2020)

Since the year end, the following changes have occurred:

Patricia A Anderson (appointed 17 July 2020)  
Alastair J Hensman (appointed 17 July 2020)

#### Political and Charitable Contributions

The Company made no political or charitable donations or incurred any expenditure during the year (2018: Nil).

#### Auditor

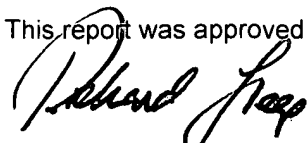
The auditors, George Hay & Company, will be proposed for reappointment at the Annual General Meeting.

#### Disclosure of information to Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the Company's auditor is unaware; and
- (2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the Board on ..... 2<sup>nd</sup> November 2020



Richard T Sleep  
Director

Nexant Limited  
1 Kings Arms Yard  
London  
United Kingdom  
EC2R 7AF

## **Nexant Limited**

### **Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements**

The directors are responsible for preparing the Strategic Report, Directors' Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period in preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF NEXANT LIMITED**

#### **Opinion**

We have audited the financial statements of Nexant Limited for the year ended 31 December 2019 which comprise Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report, Directors Report and the Statement of Directors' Responsibilities but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Davis FCA FCCA (Senior Statutory Auditor)  
For and on behalf of George Hay & Company  
Chartered Accountants  
& Statutory Auditors  
83 Cambridge Street  
Pimlico  
London  
SW1V 4PS

Date: 2nd November 2020

**Nexant Limited**  
**Profit and Loss Account and Other Comprehensive Income**  
**For the year ended 31 December 2019**

|                                               | Notes | 2019<br>£          | 2018<br>£          |
|-----------------------------------------------|-------|--------------------|--------------------|
| Turnover                                      | 2     | 13,091,238         | 13,399,029         |
| Cost of Sales                                 |       | <u>(4,687,111)</u> | <u>(4,497,791)</u> |
| Gross Profit                                  |       | 8,404,127          | 8,901,238          |
| Administrative Expenses                       |       | <u>(6,738,857)</u> | <u>(7,037,483)</u> |
| Operating Profit                              |       | 1,665,270          | 1,863,755          |
| Interest Payable                              |       | <u>(2,955)</u>     | <u>(5,300)</u>     |
| Profit on Ordinary Activities Before Taxation |       | 1,662,315          | 1,858,455          |
| Tax Charge on Ordinary Activities             | 5     | <u>(313,654)</u>   | <u>(371,119)</u>   |
| Retained Profit for the Financial Year        |       | <u>1,348,661</u>   | <u>1,487,336</u>   |
| Total Comprehensive Profit for the year       |       | <u>1,348,661</u>   | <u>1,487,336</u>   |

Turnover and profits were all derived from continuing operations.  
The notes on pages 13 - 23 form part of these financial statements.

**Nexant Limited**  
**Balance Sheet**  
**As at 31 December 2019**

|                                                       | Notes | 2019<br>£          | 2018<br>£          |
|-------------------------------------------------------|-------|--------------------|--------------------|
| <b>Fixed Assets</b>                                   |       |                    |                    |
| Intangible Assets                                     | 6     | -                  | -                  |
| Tangible Assets                                       | 7     | 34,603             | 102,520            |
|                                                       |       | <u>34,603</u>      | <u>102,520</u>     |
| <b>Current Assets</b>                                 |       |                    |                    |
| Debtors - due within one year                         | 8     | 12,781,897         | 10,204,217         |
| Debtors - due after one year                          | 8     | 358,494            | 328,862            |
|                                                       |       | <u>13,140,391</u>  | <u>10,533,079</u>  |
| Cash at bank and in hand                              |       | 5,285,179          | 4,396,196          |
|                                                       |       | <u>18,425,570</u>  | <u>14,929,275</u>  |
| <b>Creditors: amounts falling due within one year</b> | 9     | <u>(8,843,113)</u> | <u>(6,776,426)</u> |
| <b>Net Current Assets</b>                             |       | 9,582,457          | 8,152,849          |
| <b>Provisions for Liabilities</b>                     | 10    | (117,284)          | (104,254)          |
| <b>Net Assets</b>                                     |       | <u>9,499,776</u>   | <u>8,151,115</u>   |
| <b>Capital and Reserves</b>                           |       |                    |                    |
| Called up share capital                               | 12    | 2,600,000          | 2,600,000          |
| Profit and loss account                               |       | 6,899,776          | 5,551,115          |
| <b>Shareholder's Funds</b>                            |       | <u>9,499,776</u>   | <u>8,151,115</u>   |

The notes on pages 13 – 23 form part of these financial statements.

Registration number 03851671



Richard Sleep  
Director

Approved by the Board on 2 November 2020

**Nexant Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2019**

|                                                  | <b>Called up<br/>share<br/>capital</b> | <b>Profit and<br/>loss<br/>account</b> | <b>Total equity</b> |
|--------------------------------------------------|----------------------------------------|----------------------------------------|---------------------|
| Balance at 1 January 2018                        | 2,600,000                              | 4,063,779                              | 6,663,779           |
| <b>Total comprehensive income for the period</b> |                                        |                                        |                     |
| Profit for the year                              | -                                      | 1,487,336                              | 1,487,336           |
| <b>Balance at 31 December 2018</b>               | <b>2,600,000</b>                       | <b>5,551,115</b>                       | <b>8,151,115</b>    |
| <b>Total comprehensive income for the period</b> |                                        |                                        |                     |
| Profit for the year                              | -                                      | 1,348,661                              | 1,348,661           |
| <b>Balance at 31 December 2019</b>               | <b>2,600,000</b>                       | <b>6,899,776</b>                       | <b>9,499,776</b>    |

The notes on pages 13 - 23 form part of these financial statements.

## **Nexant Limited**

### **Notes to the Accounts**

### **For the year ended 31 December 2019**

#### **1. Accounting Policies**

##### **Accounting Convention**

Nexant Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

The Company's parent undertaking, Nexant Incorporated, includes the Company in its consolidated financial statements. The consolidated financial statements of Nexant Incorporated are prepared in accordance with US GAAP and are available to the public and may be obtained from 101 2<sup>nd</sup> Street, Suite 1000, San Francisco 94105-3651, USA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes;
- Disclosures in respect of financial instruments;
- Key Management Personnel compensation; and
- Disclosures in respect of transactions with fellow group companies.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: tangible fixed assets and intangible assets measured in accordance with the revaluation model.

##### **Going concern**

The company's business activities and factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments, and its exposures to credit, liquidity, interest rate, market, and foreign exchange rate risk are described in the Strategic Report.

After making enquiries, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. The directors are confident of the continued support from the parent company, Nexant Incorporated. In addition, the company has a strong net assets position and is forecasting strong future profits and future positive cash movements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

##### **Tangible Fixed Assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

## **Nexant Limited**

### **Notes to the Accounts (continued)**

#### **1. Accounting Policies (continued)**

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

- Leasehold improvements      over 5 years
- Plant and equipment          between 2 and 5 years
- Fixtures and fittings          over 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### **Intangible Assets**

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business from which it arose.

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Goodwill                      15 years
- Customer base              15 years

The basis for choosing these useful lives is based on an independent review carried out in 2006. It is the opinion of the directors that this is still consistent with market conditions and the operations of the assets required.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

#### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

## **Nexant Limited**

### **Notes to the Accounts (continued)**

#### **1. Accounting Policies (continued)**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### **Foreign Currencies**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### **Leasing and Hire Purchase Commitments**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### **Pensions**

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

## Nexant Limited

### Notes to the Accounts (continued)

#### 1. Accounting Policies (continued)

##### Revenue

Revenue from consulting projects is recognised on a percentage of completion basis having regard to the anticipated outcome estimated at commencement of the relevant project. Turnover for such contracts is stated at the cost appropriate to the stage of completion plus attributable profits, less amounts recognised in previous years. Any timing difference between the invoicing of income and costs and their recognition in the profit and loss account is taken to the balance sheet.

Provisions are made for losses on projects where applicable. The provision comprises of an individual valuation of the estimated loss until the completion of the work.

Amounts recoverable on contracts (including work in progress) are included in debtors and represent turnover recognised in excess of payments on account.

##### Provisions

A provision is recognised on the balance sheet when the company has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### 2. Turnover

Turnover relates entirely to the principal activity of the company and is stated net of value added tax.

During the years ended 31 December 2019 and 2018 the Company provided services to customers in the following regions:

|             | 2019              | 2018              |
|-------------|-------------------|-------------------|
|             | £                 | £                 |
| UK          | 422,482           | 711,975           |
| Americas    | 596,036           | 555,462           |
| Asia        | 873,998           | 602,538           |
| Europe      | 5,901,741         | 5,681,193         |
| Middle East | 4,071,030         | 4,767,795         |
| Other       | 1,225,951         | 1,080,066         |
|             | <u>13,091,238</u> | <u>13,399,029</u> |

#### 3. Operating Profit

|                                                                 | 2019     | 2018     |
|-----------------------------------------------------------------|----------|----------|
|                                                                 | £        | £        |
| This is stated after charging:                                  |          |          |
| Depreciation of owned fixed assets                              | 107,935  | 74,104   |
| Amortisation of goodwill and intangibles                        | -        | -        |
| Operating lease rentals - land & buildings                      | 739,040  | 716,479  |
| Net foreign exchange loss/gains                                 | (27,280) | (10,341) |
| Auditor's remuneration in respect of these financial statements | 18,500   | 18,500   |



**Nexant Limited**  
**Notes to the Accounts (continued)**

**4. Staff Costs**

|                       | <b>2019</b>      | <b>2018</b>      |
|-----------------------|------------------|------------------|
|                       | <b>£</b>         | <b>£</b>         |
| Wages and salaries    | 5,105,523        | 4,914,685        |
| Social security costs | 510,662          | 540,755          |
| Other pension costs   | 295,326          | 226,490          |
|                       | <u>5,911,511</u> | <u>5,681,930</u> |

**Average Numbers of Employees During the Year**

|                                    | <b>Number</b> | <b>Number</b> |
|------------------------------------|---------------|---------------|
| Company administration support     | 5             | 4             |
| Consulting professionals & support | 51            | 54            |
|                                    | <u>56</u>     | <u>58</u>     |

|                                  | <b>2019</b>    | <b>2018</b>    |
|----------------------------------|----------------|----------------|
|                                  | <b>£</b>       | <b>£</b>       |
| Directors' remuneration          | 291,188        | 332,905        |
| Directors' pension contributions | 3,465          | 12,263         |
|                                  | <u>294,653</u> | <u>345,168</u> |

The number of directors to whom retirement benefits were accruing was as follows:

|          |          |
|----------|----------|
| <u>1</u> | <u>1</u> |
|----------|----------|

Information regarding the highest paid director is as follows:

|                                  | <b>2019</b>    | <b>2018</b>    |
|----------------------------------|----------------|----------------|
|                                  | <b>£</b>       | <b>£</b>       |
| Directors' remuneration          | 264,641        | 249,100        |
| Directors' pension contributions | -              | -              |
|                                  | <u>264,641</u> | <u>249,100</u> |

**Nexant Limited**  
**Notes to the Accounts (continued)**

**5. Taxation**

|                                                              | <b>2019</b>     | <b>2018</b>    |
|--------------------------------------------------------------|-----------------|----------------|
|                                                              | <b>£</b>        | <b>£</b>       |
| <i>Analysis of charge in period</i>                          |                 |                |
| Current tax:                                                 |                 |                |
| UK corporation tax on profits of the year                    | 334,324         | 363,000        |
| Adjustment in respect of prior years                         | 30              | -              |
|                                                              | <u>334,354</u>  | <u>363,000</u> |
| Total current tax                                            | <u>334,354</u>  | <u>363,000</u> |
| Deferred tax:                                                |                 |                |
| Origination and reversal of timing differences (see Note 11) | (20,700)        | 8,119          |
|                                                              | <u>(20,700)</u> | <u>8,119</u>   |
| Tax charge on profit on ordinary activities                  | <u>313,654</u>  | <u>371,119</u> |

The tax assessed on the profit on ordinary activities for the year is the same (2018: higher) than the blended standard rate of corporation tax in the UK of 19% (2018: 19%).

The difference between the tax assessed for the year and the standard rate of corporation tax is explained as follows:

|                                                                                  | <b>2019</b>      | <b>2018</b>      |
|----------------------------------------------------------------------------------|------------------|------------------|
|                                                                                  | <b>£</b>         | <b>£</b>         |
| Profit on ordinary activities before tax                                         | <u>1,662,315</u> | <u>1,858,455</u> |
| Standard rate of corporation tax in the UK                                       | 19.00%           | 19.00%           |
| Profit on ordinary activities multiplied by the standard rate of corporation tax | 315,840          | 353,107          |
| Effects of:                                                                      |                  |                  |
| Expenses not deductible for tax purposes                                         | 2,539            | (500)            |
| Depreciation for period in excess of capital allowances                          | 15,945           | 10,185           |
| Deferred tax                                                                     | (20,700)         | 8,119            |
| Other short term timing differences                                              | -                | 208              |
| Under/(over) provision in respect of previous years                              | 30               | -                |
| Total tax expense included in profit                                             | <u>313,654</u>   | <u>371,119</u>   |

## Nexant Limited

### Notes to the Accounts (continued)

#### 5. Taxation (continued)

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. The deferred tax asset at 31 December 2019 has been calculated based on this lower rate.

#### 6. Intangible Fixed Assets

|                                                    | Customer Base | Goodwill  | Total     |
|----------------------------------------------------|---------------|-----------|-----------|
|                                                    | £             | £         | £         |
| <b>Cost at 1 January 2019 and 31 December 2019</b> | 403,448       | 2,055,531 | 2,458,979 |
| <b>Amortisation</b>                                |               |           |           |
| At 1 January 2019                                  | 403,448       | 2,055,531 | 2,458,979 |
| Charge for the year                                | -             | -         | -         |
| 31 December 2019                                   | 403,448       | 2,055,531 | 2,458,979 |
| <b>Net Book Values</b>                             |               |           |           |
| At 31 December 2019                                | -             | -         | -         |
| At 31 December 2018                                | -             | -         | -         |

#### 7. Tangible Fixed Assets

|                       | Leasehold Improvements | Fixtures and Fittings | Plant and Machinery | Total     |
|-----------------------|------------------------|-----------------------|---------------------|-----------|
|                       | £                      | £                     | £                   | £         |
| <b>Cost</b>           |                        |                       |                     |           |
| At 1 January 2019     | 613,761                | 167,683               | 180,357             | 961,801   |
| Additions             | -                      | -                     | 40,018              | 40,018    |
| 31 December 2019      | 613,761                | 167,683               | 220,375             | 1,001,819 |
| <b>Depreciation</b>   |                        |                       |                     |           |
| At 1 January 2019     | 601,797                | 167,683               | 89,801              | 859,281   |
| Charge for the year   | 11,964                 | -                     | 95,971              | 107,935   |
| At 31 December 2019   | 613,761                | 167,683               | 185,772             | 967,216   |
| <b>Net Book Value</b> |                        |                       |                     |           |
| At 31 December 2019   | -                      | -                     | 34,603              | 34,603    |
| At 31 December 2018   | 11,964                 | -                     | 90,556              | 102,520   |

**Nexant Limited**  
**Notes to the Accounts (continued)**

**8. Debtors**

|                                    | <b>2019</b>       | <b>2018</b>       |
|------------------------------------|-------------------|-------------------|
|                                    | <b>£</b>          | <b>£</b>          |
| <b>Current:</b>                    |                   |                   |
| Trade debtors                      | 2,258,773         | 3,302,565         |
| Amounts owed by group undertakings | 8,150,237         | 4,897,410         |
| Other debtors                      | 240,250           | 77,539            |
| Amount recoverable on contracts    | 1,723,855         | 1,549,103         |
| Prepayments                        | 408,782           | 377,600           |
|                                    | <u>12,781,897</u> | <u>10,204,217</u> |
| <b>Non-Current:</b>                |                   |                   |
| Deferred taxes (see Note 11)       | 36,871            | 16,171            |
| Other debtors                      | 321,623           | 312,691           |
|                                    | <u>358,494</u>    | <u>328,862</u>    |

**9. Creditors: Amounts Falling Due Within One Year**

|                                    | <b>2019</b>      | <b>2018</b>      |
|------------------------------------|------------------|------------------|
|                                    | <b>£</b>         | <b>£</b>         |
| Trade creditors                    | 518,237          | 394,176          |
| Amounts owed to group undertakings | 4,667,101        | 3,064,284        |
| Corporate tax                      | 535,445          | 267,067          |
| Social Security and other Taxes    | 31,011           | 36,419           |
| Other creditors                    | 771,910          | 852,048          |
| Deferred Income                    | 1,919,085        | 1,828,531        |
| Accruals                           | 400,324          | 333,901          |
|                                    | <u>8,843,113</u> | <u>6,776,426</u> |

**Nexant Limited**  
**Notes to the Accounts (continued)**

**10. Provisions for Liabilities**

|               | <b>2019</b> | <b>2018</b> |
|---------------|-------------|-------------|
|               | <b>£</b>    | <b>£</b>    |
| Dilapidations | 117,284     | 104,254     |

The dilapidation provision relates to the office at King's Arms Yard, City of London. The provision comprises of the following amounts:

|                                     | <b>2019</b>    | <b>2018</b>    |
|-------------------------------------|----------------|----------------|
|                                     | <b>£</b>       | <b>£</b>       |
| Amount recorded at 1 January 2019   | 104,254        | 83,270         |
| Provisions made during the year     | 13,030         | 20,984         |
| Provisions reversed during the year | -              | -              |
| Unused amount at 31 December 2019   | <u>117,284</u> | <u>104,254</u> |

The dilapidation provision is being accumulated to the expiry of the lease. The provision is a best estimate of the amount required to settle the future obligation, however the exact obligation remains uncertain.

**11. Deferred Taxation**

|                                                                    | <b>2019</b>   | <b>2018</b>   |
|--------------------------------------------------------------------|---------------|---------------|
|                                                                    | <b>£</b>      | <b>£</b>      |
| Difference between accumulated depreciation and capital allowances | 16,934        | (1,553)       |
| Other timing differences                                           | <u>19,937</u> | <u>17,723</u> |
| Undiscounted deferred tax asset                                    | <u>36,871</u> | <u>16,170</u> |

|                                            | <b>Deferred<br/>Taxation</b> |
|--------------------------------------------|------------------------------|
|                                            | <b>£</b>                     |
| At beginning of year                       | 16,170                       |
| Charge to the profit and loss for the year | <u>20,701</u>                |
| At end of year                             | <u>36,871</u>                |

## Nexant Limited

### Notes to the Accounts (continued)

#### 12. Share Capital

|                                      | 2019      | 2018      |
|--------------------------------------|-----------|-----------|
|                                      | £         | £         |
| Allotted, called up and fully paid:  |           |           |
| 2,600,000 Ordinary Shares of £1 each | 2,600,000 | 2,600,000 |

#### 13. Operating Lease Commitments

Non-cancellable operating lease rentals are payable as follows:

|                                                   | Land & Buildings |         | Plant & Equipment |       |
|---------------------------------------------------|------------------|---------|-------------------|-------|
|                                                   | 2019             | 2018    | 2019              | 2018  |
|                                                   | £                | £       | £                 | £     |
| Within one year                                   | 356,067          | 356,067 | -                 | 1,661 |
| Later than one year and not later than five years | 178,033          | 534,100 | -                 | -     |
| Total                                             | 534,100          | 890,167 | -                 | 1,661 |

#### 14. Ultimate Parent Undertaking

The directors regard Nexant, Inc., a company incorporated in the US, as the immediate and ultimate undertaking and controlling party. No other group financial statements include the results of the Company. As Nexant, Inc. is not a publicly traded company in the United States, their financial statements can be requested from: Nexant, Inc., 101 Second Street, 10th Floor, San Francisco, CA 94105 U.S.A.

#### 15. Post Balance Sheet Events

There was a global outbreak of COVID-19 during the first quarter of 2020, which was declared a pandemic by the World Health Organization in March 2020. This pandemic has caused exceptional levels of disruption at a global level and resulted in significant negative consequences for human health as well as economic activity.

An already challenging commodities market accentuated by the impact of COVID-19 has caused unprecedented levels of uncertainty, and is likely to have some impact on timely sign-offs of new client contracts and delivery of execution on some contracts for the company. Significant market fluctuations

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**Nexant Limited**  
**Notes to the Accounts (continued)**

**15. Post Balance Sheet Events (continued)**

throughout 2020 as a result of the COVID-19 have also increased the company's exposure to currency fluctuations in 2020.

Along with the rest of the Nexant group, the company will continue to ensure that its employees and customers are safe, monitor the developing situation on COVID-19, improvise solutions and take appropriate measures ahead of any potential challenges to minimize the impact of the COVID-19 on the company's strategic and operational plans.

COVID-19 is considered to be a non-adjusting post balance sheet event and therefore not taken into account when preparing the Balance Sheet as at 31 December 2019. The Company is unable to quantify any impact on the Balance Sheet at the date of signing the financial statements.